

SMEs fear lockouts, losses in 2009

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As many as five lakh small and medium enterprises (SMEs) face closure in 2009 as a result of the global crisis. The demand crunch could lead to lockouts hitting hard a sector that provides jobs to more than 2.8 crore people in 30 lakh firms that account for 40 per cent of government levies in India.

According to a study by California-based hardware company Plantronics, which conducted a survey of 1,096 owners, managers and IT directors of SMEs, while almost two-thirds (67 percent) of the SMEs expect to see a reduction in financial turn-over in the next six months, 21 percent indicate that the slowdown is either having no effect on their business or that business is booming.

INVESTMENT

These 'Super SMEs' have all increased or maintained levels of investment in one of the three key areas - IT infrastructure, staff training and marketing - and are confident about the future.

The survey was conducted during the last quarter of 2008. More than 7,000 small and medium enterprises have shutdown in Taiwan in the past two years due to the recession, according to the Taiwanese government.

Tier-2 companies in the value chain for automotive products are now thinking of diversifying into other lines of business to match their bottomline.

CUTTING COST

Indian SMEs are using cost cutting measures and innovations to beat the recession. Mr Shivasankar Krishna murthi, Country manager, LifeSize Communication, noted that with the sudden inflation in travel charges, it has found videoconferencing a better solution that enabled meeting to happen beyond boardrooms.

According to Mr Abhimanyu Gupta, Director, Actis Technologies, everything matters, including new ways to cut power bills, integrated control and high definition video conferencing.

He advocates use of dual motion and daylight sensors to cut electricity charges. Aries Agro, a player in the mineral feed additives for animals and plant nutrients, has chosen to use 'software-as-a-service' model as against purchasing high-cost, non-user friendly, ready-made ERP packages adopting the service from TCS, Mr Rahul Mirchandani, Executive Director, aries noted.